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C O N F I D E N T I A L SECTION 01 OF 03 MEXICO 003574

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SUBJECT: AN IFE PERSPECTIVE ON MEXICAN ELECTORAL REFORMS
AND NARCOFINANCING

REF: MEXICO 003435

Classified By: Political Minister Counselor Charles V. Barclay.

Reason: 1.4 (b), (d).

¶11. (C) Summary. The 2009 legislative and gubernatorial elections will test the efficacy of electoral reforms passed last year, some of the most significant of which include changes to campaign financing and access to media. How the reforms play out next year probably will determine whether the laws will be revisited before the 2012 presidential vote.

Many observers believe the Institutional Revolutionary Party (PRI) will most benefit from the reforms, while the smaller parties will be the biggest losers. The electoral authority also is involved in discussions to determine how best to prevent the infiltration of illicit funds into campaigns, but may be hesitant to dramatically expand its authority to investigate and vet candidates. Nevertheless, the public attention is focused on this issue should probably put more pressure parties to consider potential contenders more carefully. End Summary.

Electoral Reforms a Question Mark

¶12. (C) The 2009 legislative and gubernatorial elections will serve as the first real test for the electoral reforms passed last year, and the impact the new laws will have on the political parties in the run-up to the vote is up for debate.

Francisco Guerrero, selected this year as one of the nine council members on the Federal Electoral Institute (IFE), told Poloffs on December 1 that he is not personally in favor of most of the new measures, viewing them as overly restrictive and not in line with Mexico's development as a modern democracy. Nevertheless, he noted that the reforms do increase IFE's oversight authority both in the pre-campaign and campaign periods, which will make the IFE quite a powerful arbiter in the run-up to the elections.

Key Changes

¶13. (C) Guerrero highlighted several of what he sees as the most significant changes to the country's electoral code, including restrictions on negative campaigning, the use of the media, and IFE's new authority to regulate the pre-campaign period. He was most critical of the new limitations on negative campaigning and said that in a democracy, ugly as they may be, such tactics should be available to candidates. Guerrero explained that parties and candidates can criticize their opponents, but they must then

be prepared to defend and support their claims should their rival choose to lodge a complaint with the IFE. Such restrictions may limit candidates' willingness to openly critique each other. Guerrero acknowledged that the IFE's role as an arbiter in such cases does confer a significant amount of authority on the organization. He denied, however, that politics would play into any decisions the IFE would have to make, arguing that council members--despite being sponsored by political parties--would be able to maintain impartiality.

¶4. (C) Guerrero also focused on changes to public financing of parties and new rules governing the use of the media. He noted that public financing had been significantly cut as a result of the reforms, and that legislative candidates next year would receive at most 250,000 pesos (significantly less than 25,000 USD given the current exchange rate). The majority of the public funds will be doled out based on a party's vote share. Linked to the public financing cuts are changes to parties' access to media air time. Guerrero said parties will turn in their campaign spots to IFE, which will then distribute them to the networks to be aired in time slots allocated by IFE based on party vote shares. Guerrero opined that politicians will be politicians and will almost certainly look for ways to circumvent this rather controversial reform. He expects to see more incidents of parties paying networks under the table for increased coverage of their candidate, such as in interviews, which is not permitted by the electoral code. Guerrero noted that IFE's authority under the new reforms is expanded by virtue of its ability to regulate the pre-campaign period, during

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which parties used to have free spending reins. (Note: Private financing is also restricted. The IFE determined in January, for example, that parties are limited this year to receiving no more than 23,396,714) pesos (less than \$2 million) through private donations or contributions. End note.)

Who May Benefit, Who May Suffer

¶5. (C) Guerrero and other political observers (ref a) have noted that the PRI stands to gain the most from the 2007 electoral reforms. A decreased reliance on advertising through the media will increase the role of whistle-stop campaigning, at which the PRI excels. Restrictions on negative campaigning may help the party in the 18 states with PRI governors as opposing candidates will not be able to smear the performance of incumbent governors and turn the election into a party referendum. More generally, Guerrero opined that the PRI is comprised of well-schooled and experienced politicians -- such political savvy almost certainly will help them find clever ways to circumvent the more restrictive regulations.

¶6. (C) Smaller parties may be most affected by the reforms. Some 70 percent of public funding will be determined by party vote share, which will limit their access to public resources. PRI Deputy Edmundo Ramirez also explained to Poloff that coalitions, which have helped the more marginal players maintain their registration, will be made more difficult by changes to the voting process. Under the new rules, voters will select the party symbol rather than a coalition symbol, which the small parties feel will disadvantage their candidates (a key factor in the decision by Convergencia and Mexico's tiny, far-left Labor Party to abandon their alliance with the PRD). Moreover, Guerrero suggested that the 2009 elections may feature a greater number of Democratic Revolutionary Party (PRD)-National Action Party (PAN) alliances, which would potentially exclude the minor parties. Guerrero speculated that "the enemy of my enemy is my friend," and that the PRD and PAN would prefer to have each other as strange bedfellows than allow the PRI a sweeping victory.

Armoring Against Narco-Infiltration

¶ 17. (C) Mexico's three main political parties are already publicly debating the issue of protecting campaigns from the influence of narcodollars, and IFE has publicly said that such efforts are a top priority of the institution. Guerrero said the IFE and the parties are still discussing how they will cooperate in preventing the entrance of dirty money into campaigns, such as increasing IFE's ability to help vet potential candidates. He explained, however, that the IFE's role in terms of investigating suspect private financing is somewhat limited. The IFE can step in and investigate when it perceives something untoward going on in a campaign, such as campaign expenditures that significantly exceed the amount of financing it is likely to have available, or if specific complaints are made by the parties. IFE President Leonardo Valdes Zurita proposed in a press conference in November that IFE should ensure that it establishes strict requirements forcing pre-candidates to report their income and expenditures during pre-campaigns, closely follow party finances during pre- and campaign periods, and better publicize the results of the reviews of the candidate's expenditure reports. IFE has an internal finance investigative unit, and also works with the Secretary of Finance on such issues.

¶ 18. (C) Nevertheless, the division of labor in terms of combating illicit financing seems to be under debate. IFE is not interested in becoming a policing authority, and Guerrero emphasized several times that IFE is legally confined to specific areas of investigation. The IFE publicly has said that the federal government -- such as the Secretary of Finance and the Attorney General's Office -- rather than the electoral institution itself is charged with implementing intelligence and justice measures to prevent the infiltration of illicit financing into campaigns. Guerrero also said that as of yet, there is no legal basis for the Mexican National

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Intelligence Center (CISEN) to work with IFE -- or alone -- in vetting lists of potential candidates.

¶ 19. (C) In spite of the very public nature of the issue of illicit funds in the 2009 campaigns, Guerrero was not overly concerned about the influence of narcodollars in the legislative races. He sees much of the parties' public discussions as being driven by political posturing and argued that cartels would much rather pay off local elected officials than federal deputies, who have a less direct impact on local narco operations. He also opined that parties will very closely monitor their own candidates, since allegations of corruption or of ties to organized crime would seriously debilitate their campaigns. He acknowledged that the gubernatorial races could be more vulnerable given their more direct ties to anti-narcotic operations and law enforcement in their states.

Comment

¶ 110. (C) The extent and the nature of the impact of the electoral reforms the 2009 campaigns and votes is as of yet unclear. What is more clear, however, is that parties will almost certainly devise creative means to circumvent the new measures, whether through the covert purchase of media airtime or by hiring look alikes to avoid prohibitions on campaigning by public officials. At the very least, 2009 will be a useful test case for the reforms and probably will determine whether the laws will be revisited before the 2012 presidential vote.

¶ 111. (C) With thousands of candidates running in hundreds of election, concern about the potential for illicit funding of campaigns probably is well-founded. IFE is already taking a

close look at its role in preventing such infiltration, but may will remain hesitant to significantly expand its place in investigating and vetting candidates. Nevertheless, the public attention focused on the issue probably will pressure parties to consider potential contenders more carefully than in the past and hopefully reduce the number of compromised candidates.

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